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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Fred Meyer Woos Wall St.; Unveils Growth Plan

By Richard C. Halverson

NEW YORK — For the first time since going public last October, top officials of Fred Meyer Inc., Portland, Ore., faced the financial community and press last month, revealing the strong sales growth of the chain during its five-year "quiet" period as a private company and bearing news of good first quarter sales and profit figures.

During a presentation to institutional investors, such as Cigna, John Hancock and the Fidelity mutual fund group—and in an exclusive interview with *DSN* afterward—chairman and chief executive officer Oran Robertson acknowledged that his purpose in coming was to bolster Wall Street support for his company's stock. Fred Meyer went public at $14.25, and has since ranged between a low of $13 and a high of $17. It closed June 18 at $15.50, down 13 cents.

Fred Meyer chairman Oran Robertson (left) and president Cyril Green met investors last month. (DSN photos)

First quarter sales increased 9 percent to $527 million from $483.4 million in the same quarter of 1986. Net profits rose 80.4 percent to $5 million from $2.8 million in the year-earlier period.

Per share earnings for the quarter rose to 20 cents a share on 24.4 million shares outstanding from 15 cents, based on 18.5 million shares outstanding in the year-ago period, president Cyril Green told the potential investors. The difference in shares outstanding represents the number of shares issued in going public.

The original group of investors that took Fred Meyer private in 1981 retain 60 percent, said chief financial officer Kenneth Thrasher.

Sales for the year ended Jan. 31, 1987, rose 6.6 percent to $1.69 billion from $1.58 billion in the previous year, while net income increased 11.2 percent

(Continued on page 8)

Wal-Mart Hypermarkets Propel Chain Into Food

BENTONVILLE, Ark. — Wal-Mart will plunge into the supermarket business later this year when it unveils two different types of hypermarkets, a concept that could "revolutionize the discount industry."

The discounter will be purchasing a broad assortment of supermarket items for the two new types of hypermarkets, the first time the chain has become extensively involved in merchandising groceries.

One type of store, operating under the Hypermart USA logo, is a joint venture with Cullum Cos. It will follow the traditional hypermarket concept of a huge one-stop shopping center that features a combined general merchandise and supermarket store as the core unit, along with noncompeting specialty retailers like fast food restaurants, a shoe repair shop, a video rental store, an optical shop, a

(Continued on page 33)

Carrefour to Launch Hypermarkets As 2 U.S. Firms Ready Versions

By Arthur Markowitz

SECAUCUS, N.J. — Carrefour, the French hypermarket pioneer, will finally test its 20-year-old concept in the United States just as two American companies are poised to roll out a number of these combined supermarket/general merchandise store mini-malls.

News Analysis

Carrefour, the $8.6 billion international retailer that operates over 100 hypermarkets in four countries, planned to enter the U.S. market with two stores this year (see *DSN*, Nov. 10, 1986, page 1), but ran into a zoning setback. Instead it will only launch one unit this fall in Philadephia, with the second due next year in the Brookhaven, Long Island, suburb of New York.

Executives said the two proposed company-owned stores should help answer the question of "whether hypermarkets can capture a significant share of the U.S. market and make an impact as a new retailing concept or turn out to be just a phase that American merchants can forget."

Carrefour USA president and chief executive officer Girard de Ganay said the Philadelphia store would be a good test because the unit's Northeast market meets the hypermarket's demographic criteria of high population density, middle- and upper-income consumers as well as easy shopping accessibility through an extensive network of roads.

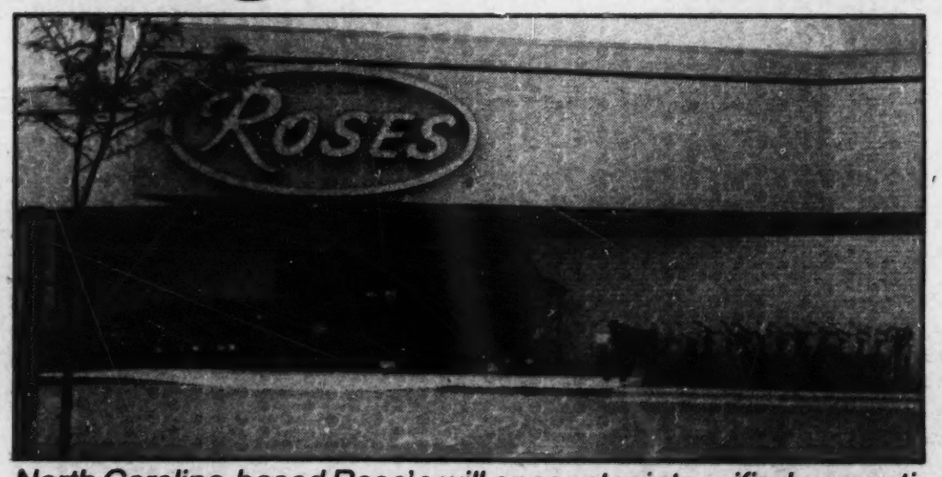
"We should know within a year . . . whether Carrefour's

(Continued on page 33)

Wal-Mart, Bradlees Add Stores

Chains Expanding in No. Carolina

GREENSBORO, N.C. — North Carolina economists see their state in terms of two economies existing side by side. One is geared toward rural, small-town America with factories such as textile and furniture facilities bolstering farm income. The other is a service economy, geared toward urban Yuppidom and sustained by finance, government, and research and development.



North Carolina-based Rose's will encounter intensified competition from Wal-Mart and Bradlees in its home state. (DSN photo)

Major discount chains are thrusting into both economies with distinctive expansion patterns. As customary, Wal-Mart Stores, Bentonville, Ark., is targeting small-town America as it prepares to open the rest of nine new stores in the state, adding to the three units it had at the start of 1987. Next year, it plans to open 12 more in the state.

The North Carolina stores are part of about 125 stores Wal-Mart intends to add this year to its 1,035 total, followed by a similar number in 1988.

(Continued on page 34)

Zayre's Sherman Resigns; Weighs Political Future

By Peter Hisey

FRAMINGHAM, Mass. — Saying "I haven't enjoyed the last year as much" as the previous 20, Malcolm Sherman resigned as chairman of the Zayre Stores division of Zayre Corp. last week. Sherman told *DSN* he may be headed to the presidential campaign of Massachusetts governor Michael Dukakis, for whom he already works as a fundraiser.

Malcolm Sherman

"I've worked for Mike in the past, and there's a possibility I might join the campaign," Sherman said, adding that any decision was "a couple of months away."

Fiscal 1986 saw Zayre's earnings tumble to $89 million from a 1985 level of $94.6 million, in a year when many of the company's competitors were reporting record profits.

(Continued on page 4)

NBO Focuses On Upscale Market

Caldor Repositions RTA Furniture

Automotive Chains Upgrade POS Systems

MARKETWATCH

Luria Supplies Network Shopping Show

LOS ANGELES — The ABC-TV network will launch a daily half-hour game and teleshopping show today that uses cataloger L. Luria & Son as the exclusive supplier of goods. The program, "Bargain Hunters," will be aired from 11:30 a.m. to noon (EST) for 13 weeks by most of the network's affiliated stations. Luria will supply goods purchased just for the show, although the cataloger won't be identified in any way with the program.

K mart Expands Computerized Layaways

TROY, Mich. — K mart plans to spend over $5 million to install its computerized layaway service in the approximately 1,500 discount stores that don't already have this system. Installation of the Fujitsu Systems of America equipment, which monitors goods on layaway along with customer payments, which begin within three months, is scheduled to be completed next year. In other news at the nation's largest discounter, Railroad Saving and Loan Association next week will take over the 136-square-foot leased financial service centers in four Wichita, Kan., K marts previously operated by Franklin Savings.

Caldor Starts Senior Discount Card Plan

NORWALK, Conn. — Caldor launched an extended senior citizen discount program chainwide this month to make age identification faster and hopefully boost sales, a company spokesperson said. Advertising was placed in about 100 newspapers throughout Caldor's 9-state trading area. Customers, aged 62 years or older, will be issued a reusable Caldor senior citizen card which can be used on all merchandise each Wednesday to earn a 10 percent discount at the register. In the past, a discount slip was given out at the service desk and could only be used on regularly priced goods, not on clearance or sale items.

Smit Succeeds Paull as Makro VP, GMM

CINCINNATI — Makro has named Leo Smit vice president, general merchandise manager, hard lines, succeeding Jeffery Paull who left the membership warehouse.

Zayre Sales Up 20.7 Percent for May

FRAMINGHAM, Mass. — Zayre Corp. released results for May and for the 17 weeks ended May 30. For the month, sales were up 20.7 percent to $451.2 million from $373.8 million a year ago. For the 17 weeks, sales were $1.7 billion, up 19.1 percent from last year's $1.5 billion. Robert Shedd, vice president, finance, said the company's spin-off division, TJX Corp., has applied for listing on the New York Stock Exchange. TJX comprises Zayre subsidiaries TJ Maxx, Hit or Miss and Chadwick's of Boston.

Lamstons President Adelman Resigns

NEW YORK — Burton K. Adelman, 67, president and chairman of Lamstons, resigned July 1 after 44 years with the variety store chain based here. Starting as an assistant store manager in 1943, Adelman became chief executive officer in 1974. He served as vice chairman of the Association of General Merchandise Chains until that trade group's merger with the National Mass Retailing Institute (now the International Mass Retail Association), of which he was recently elected a director.

Macke Spearheads Anti-takeover Bill

MINNEAPOLIS — A bogus tip by an investment advisor that Dayton-Hudson received a $6.8 billion take-over offer on June 23 was followed by the adoption of anti-takeover legislation by the Minnesota legislature just three days later. The lawmakers convened in special session on June 25 to enact a bill that would prevent corporate raiders from selling off parts of an acquired company within five years of its acquisition. The bill was spearheaded by Dayton-Hudson chairman Kenneth A. Macke.

INDEX

Apparel	13
Men's Wear	13
Classified	31
Editorial	6
Executive Changes	11
Hard Lines	23
At the Source	26
Automotives	23
Manufacturer News	25
Home Products	19
At the Source	21
Housewares	19
Retail Management Development Series	29
Stock Update	30

Chemical Bank Slashes Credit Line As Crazy Eddie Mulls Takeover Bids

EDISON, N.J. — Crazy Eddie, the consumer electronics chain based here that is currently the target of two separate takeover attempts, has been cut off from a $52 million credit line from Chemical Bank. The action was disclosed in Crazy Eddie's 10-K filing with the Securities and Exchange Commission in Washington.

Crazy Eddie said it had $10 million of debt outstanding under the credit line as of June 8. At that time, Crazy Eddie also had about $44 million in borrowings under a $50 million credit agreement with RepublicBank, Dallas.

Despite the loss of the credit line, the company recently added three units, bringing its total to 39 units. The SEC filing details plans to add six more in New York, Connecticut and Pennsylvania by March 1988.

The filing also disclosed that as of June 8, the number of shareholder suits against the firm has risen to at least 20.

Crazy Eddie is cooperating with the SEC in furnishing documents in connection with an inquiry that was being conducted by the SEC since the May 22 filing of the $7-a-share bid by founder Eddie Antar and First City Capital Corp.

Standard and Poor's said that Crazy Eddie's $81 million Single-B rated subordinated debt remains on its creditwatch with negative implications. The implied senior debt rating is Double-B-Minus, Standard and Poor's said.

Furthermore, Standard and Poor's said there has been further deterioration in the operating environment for CE retailing in the New York metropolitan marketplace. It added that although Crazy Eddie's balance sheet is strengthened by $131 million worth of cash and equivalents as of March 1, the funds may be used for the firm's own share repurchase program.

Moody's Investors Service also placed the Single-B1 convertible subordinated debenture rating of Crazy Eddie under review for possible downgrade.

The consolidated balance sheet in the SEC filing shows Crazy Eddie had $261.9 million in current assets at March 1, and $108.8 million in current liabilities. The assets included $9.3 million in cash and $122 million in short-term investments. Crazy Eddie sales per square foot declined 4.6 percent during fiscal 1987, ended March 1, to $2,769, and average sales per store fell 5.3 percent to $12.6 million.

Elias Zinn, president of Houston-based Entertainment Marketing, which has placed a $8-a-share bid for Crazy Eddie, is still evaluating the chain's numbers and hasn't decided yet if he will continue to pursue his takeover bid.

DSN Adds Sr. Editor, Promotes 2

NEW YORK — *DSN* executive editor Tony Lisanti has announced the addition of Kenneth Chanko to the position of senior editor. Chanko, who earned a BA degree in journalism and mass communications from the University of Wisconsin, Madison, will supervise *DSN's* expanded coverage of apparel merchandising. He recently served as retail editor of *DNR*, the men's wear daily. Prior to that, he was an associate editor for *Beverage Industry*, a biweekly trade publication.

Lisanti also announced two *DSN* editorial staff promotions: Richard Halverson to associate editor, from desk editor; and A. Rhona Melsky to desk editor, from editorial assistant. Halverson joined *DSN* last August after stints as a copy editor on the *Register*, a Shrewsbury, N.J., daily newspaper, and as a general assignment reporter for the *Asbury Park Press*. He began his career on the business desk of *The Christian Science Monitor*. Halverson earned BA and MA degrees in Latin American History at the University of California, Berkeley, and an MA degree in education at Stanford University, Palo Alto, Calif.

Chanko

Halverson

Melsky

Melsky joined *DSN* last June from an editorial position with the New York Walkers Club. She earned her BA degree in English with an emphasis in writing from Queens College, CUNY.

DSN 25th ANNIVERSARY TRIVIA QUIZ

As part of its 25th anniversary, DSN *is offering a $100 prize to the person who correctly answers the most questions. Please type your answers, along with your name, address and telephone number, on standard letterhead, and mail to: Quiz Editor—7/6,* Discount Store News, *425 Park Ave., New York, N.Y. 10022. Winners will be announced in a future issue. Correct answers to questions below appear somewhere else in this issue.*

25 Years Ago This Week:

"If It's Good Enough for You...": In keeping with an industry trend toward "upgraded prices," *DSN* upgraded its subscription rate from $2 to $3.

1. The National Better Business Bureau waged "all out war" on what discount staple?
a) "Fictitious" list prices;
b) "Fictitious" books;
c) "Fictitious" reasons for being late to work.

20 Years Ago This Week:

"How About Silver Square?": Federated Department Stores was entering the field, but was having trouble coming up with a name.

2. What discounter computerized its credit operations, due to increased demand for service?
a) Heck's;
b) Bradlees;
c) K mart.

10 Years Ago This Week:

Did It Help?: Target chairman Ken Macke's reaction to K mart opening stores near established Targets: "We pray a lot."

3. What Midwest discounter put all of its eggs in the discount market by selling off its wholesale Nu-Way Drug division?
a) Gold Circle;
b) Pamida;
c) Meijer.

5 Years Ago This Week:

"D mart, the savings place"?: Japan's first D mart, styled after K mart, opened in Tokyo. D mart was chosen after it was discovered that someone else had already registered the name K mart.

4. What Southeastern chain bought and reopened six former Singleton's stores in Virginia, North Carolina and Tennessee?
a) Wal-Mart;
b) Rose's;
c) Heck's.

1 Year Ago This Week:

"Today K mart, Tomorrow the World": Newly acquired Waldenbooks announced it would take over K mart's book departments in five years.

5. What discounter went public again after 22 months of private ownership?
a) Pay 'n Save;
b) Pic 'N' Pay;
c) Pick 'n Pack.

KSA Report Cites Major Growth in Soft Lines Specialty Stores

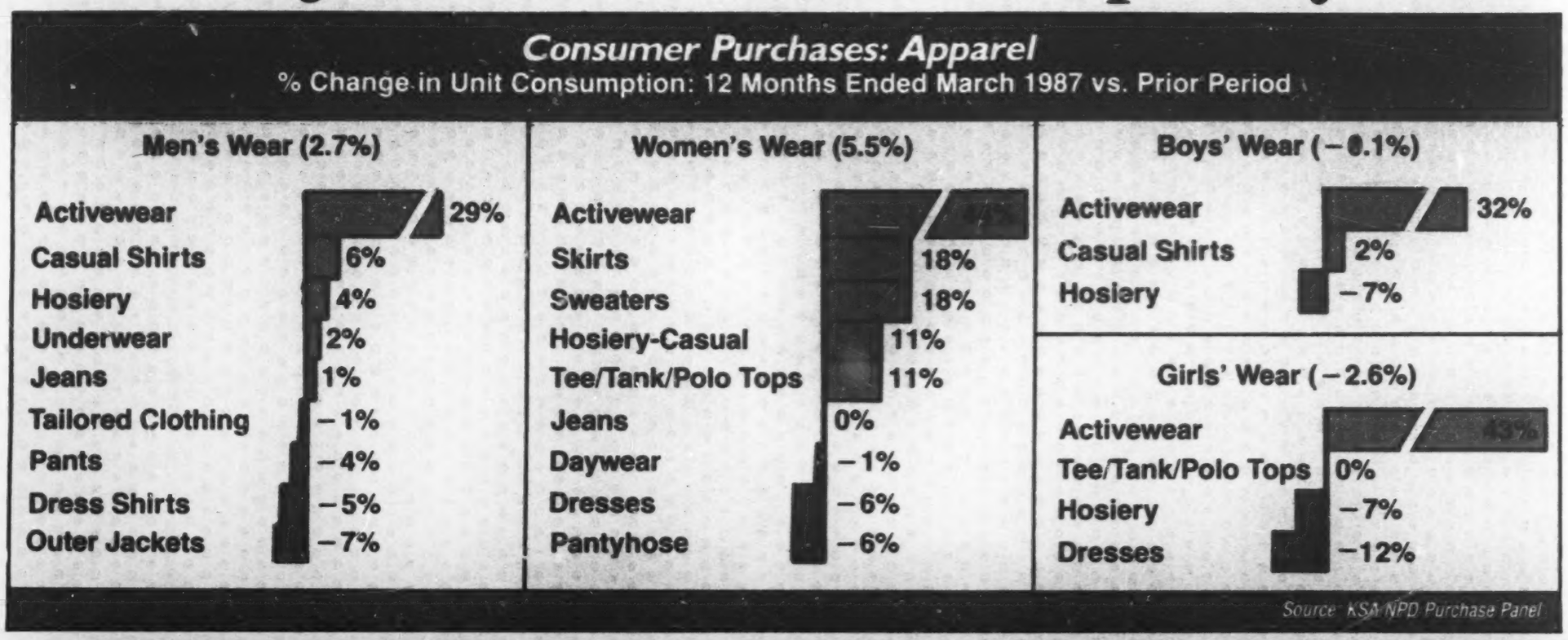
By Kenneth M. Chanko

NEW YORK — A focus on the consumer and store level vertical integration and leveraging of their strengths are reasons for the success and growth of such divergent discounters as Wal-Mart, ClothesTime and Pic 'N' Save, according to Robert M. Frazier, executive vice president of Kurt Salmon Associates.

Frazier, speaking last month in New York at a KSA-sponsored financial breakfast seminar, also presented figures showing the tremendous growth in women's and girls' apparel and activewear for women, girls, men and boys.

Overall, the major growth among the public retailers last year came from soft lines specialty stores and the mass merchants, said Frazier.

Among the discounters and off-price specialty chains, Frazier cited Wal-Mart, with a 41 percent sales increase (13 percent same store basis) in 1986 and a 26.6 percent return on equity; ClothesTime, the smallest company KSA profiled, with $106 million in sales last year and a 44 percent return on equity; and Pic 'N' Save, the non-continuity closeout discounter, the leader in return on sales, as last year's standout retailers.



Fastest Growing Retailer

Frazier noted that the fastest growing public retailer in the country was another closeouter, Consolidated Stores, and five of the 10 fastest growing retailers are involved in consumer electronics—Best Buy, Crazy Eddie, The Federated Group, Audio Visual Affiliates and Circuit City.

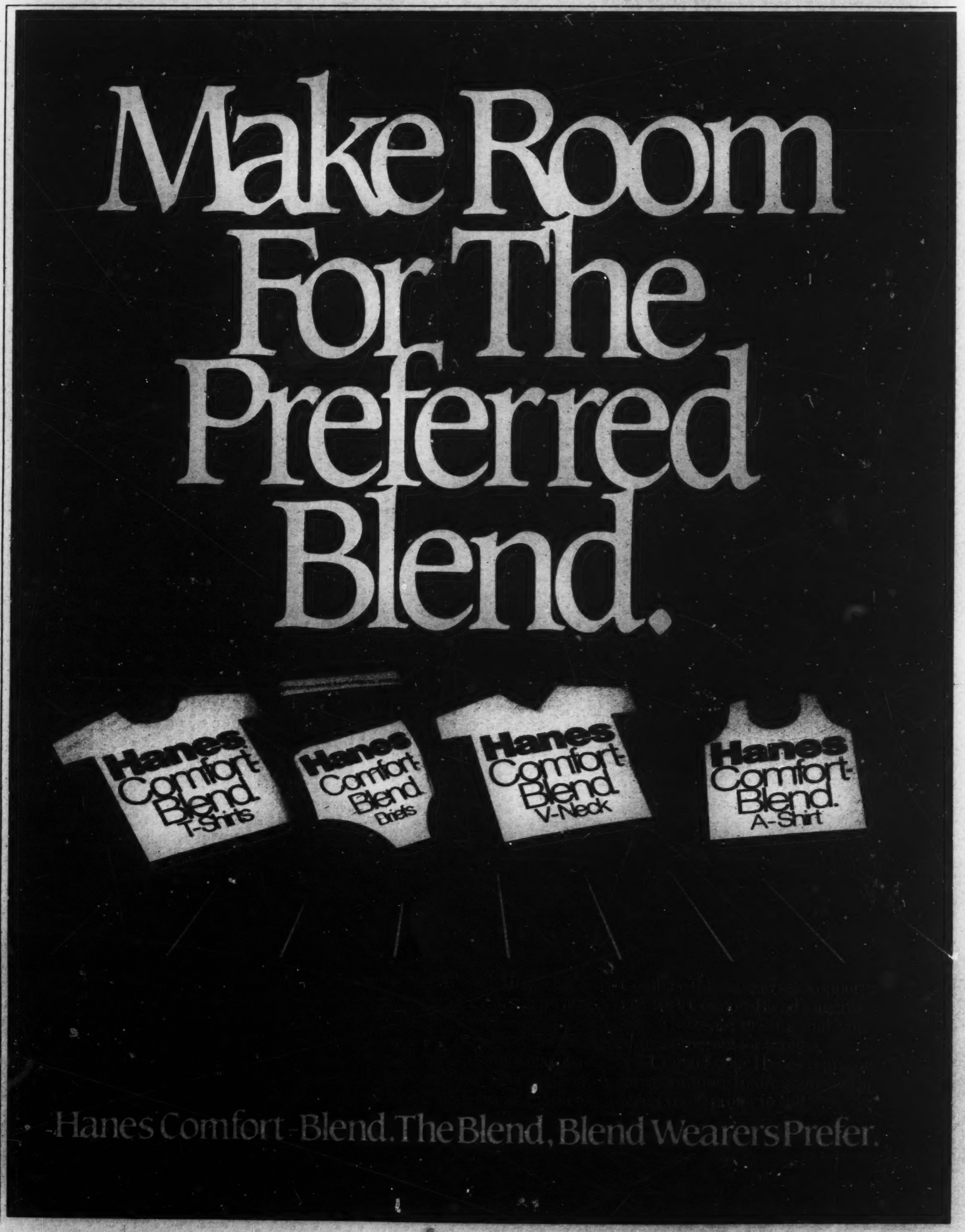
Frazier said that the growth of the consumer electronics retailers last year "is an excellent example of a new breed of retailer, which some have called the specialty mass merchant, or, perhaps more accurately, category killers." He went on to say that as the five mentioned above, along with such others as Highland, Newmark & Lewis and Tandy, "battle it out in the consumer electronics market, it is hard to see how a general merchandise retailer can profitably survive in the audio visual and electronics market."

Frazier said that such retailers as J.C. Penney Co., Wal-Mart and Mercantile paid particular attention last year to their operations at store level and on the consumer. "There is a clarity of focus and a strong people orientation to make it work," he said.

Frazier categorized vertical integration as "investing heavily in first class distribution centers and the information for tracking consumer demand at the sku level and translating that into product development and product sourcing. The industry strategy wrapped around Quick Response includes close work with suppliers. Even ClothesTime and Pic 'N' Save, which survive with closeout merchandise, are closely linked with their suppliers."

He also credited the suc-

(Continued on page 16)


Make Room For The Preferred Blend.
Hanes Comfort-Blend T-Shirts
Hanes Comfort-Blend Briefs
Hanes Comfort-Blend V-Neck
Hanes Comfort-Blend A-Shirt
Hanes Comfort-Blend. The Blend, Blend Wearers Prefer.

KSA Report Cites Major Growth in Soft Lines Specialty Stores

(Continued from page 15)
cessful retailers with "leveraging the concept that is working for them" through "attention to detail in the execution of their strategy and, where the marketplace permits, the rapid rollout of the concept into new regions."

In general, Frazier noted that fiscal 1986 results from most retail and apparel manufacturers "rebounded sharply" from their poor 1985 showings. He credited stronger consumer spending and better inventory management for the better performances.

Jay Meltzer of Goldman Sachs said he sees "modest U.S. economic growth continuing through 1987 and into 1988."

Other notable growth and performance figures that emerged from the seminar include:

- Women's and girls' apparel accounted for the largest percentage—24.5 percent—of a defined consumer products mix that accounted for $320 billion in sales last year.

The others categories were appliances and electronics (15 percent of the $320 billion product mix), men's and boys' apparel (12.5 percent), furniture (11 percent), recreation goods (10 percent), textile domestics and floor coverings (7.5 percent), footwear (7 percent), housewares (6.5 percent) and fashion accessories (6 percent).

This $320 billion product market, which represents only around 11 percent of total consumer spending, has been growing steadily at the rate of 6 percent to 7 percent a year. Over 95 percent of these products reach the consumer through general merchandise retail stores or specialty stores, with the remaining 5 percent purchased at food and drug stores.

- Specific distribution segmentation of the $320 billion pie last year was cut as follows: 21 percent of all products above were purchased at home products specialty stores; 17 percent at apparel and footwear specialty stores; 15 percent at general merchandise discounters and mass merchants; 15 percent at department stores; 11 percent at national chains; 5 percent at food and drug stores, and the remaining 16 percent from other outlets.
- Activewear was the big winner among all the apparel categories over the last year: women's activewear shot up 44 percent in unit consumption for the 12 months ending March 31, 1987, compared to the prior period, with men's activewear up 29 percent, boys' activewear up 32 percent and girls' activewear up 43 percent.

Overall, women's wear was up 5.5 percent, men's wear increased 2.7 percent, girls' wear was off 2.6 percent and boys' wear was barely down, 0.1 percent. The categories bought less frequently during that 12 month period were men's outer jackets (off 7 percent) and dress shirts (off 5 percent), women's dresses and pantyhose (both off 6 percent), boys' hosiery (off 7 percent) and girls' dresses (off 12 percent) and hosiery (off 7 percent). Women's casual hosiery, however, posted an 11 percent increase.

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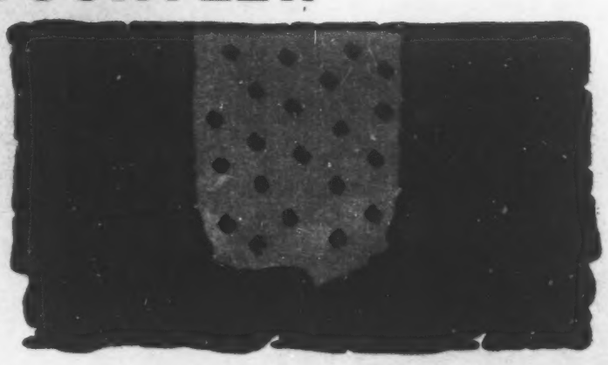

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Mervyn's Reviews Private Labels As Profits Slump

HAYWARD, Calif. — As Mervyn's scrambles to overcome its poor showing in fiscal 1986, its private label program is being reassessed.

Mervyn's private labels now account for 50 percent of its merchandise offering.

According to parent company, Dayton-Hudson, Mervyn's is trying to emphasize everyday low prices on all of its merchandise, while making its private label offering more consistent and quality oriented. Dayton-Hudson said this consistency with the merchandise particularly applies to keeping adequate stock on hand during promotions.

Mervyn's said it is also turning its "focus this year toward narrower assortment and earlier trend identification." By narrowing the focus, the retailer said customers will be able to identify the trends more readily without being overwhelmed with too much varying merchandise.

The 180-store retailer is also studying its new product development effort to see if "we can do more and do it better." The re-evaluations and adaptations to the private label program coincide with an overall adjustment to the merchandise mix that Mervyn's is making storewide in order to become more fashion forward.

According to Dayton-Hudson, its Target discount store subsidiary has also tried to enhance its fashion presentation, and apparently with good results. Target helped offset the low gross margins and poor comparable store sales at Mervyn's in 1986.

Hard Lines

Auto Chains Upgrade POS, Add Slot Scanners

(Continued from page 3)

Whitlock, meanwhile, is putting all its stores, including the 40 acquired from Rose in Florida last year, onto its electronic POS system at a cost of $3 million. In addition, Shuck's, which acquired 378 Kraggen and Checker stores last fall from the automotives division of Lucky Stores, is integrating all those units into its POS system.

As for the use of slot scanners, low costs weren't the only reason that Dallas-based Chief Auto decided to use this technology. The decision followed time and motion studies that the $256 million auto specialty chain carried out last year to determine what type of scanning—slot or hand wanding—was the most productive.

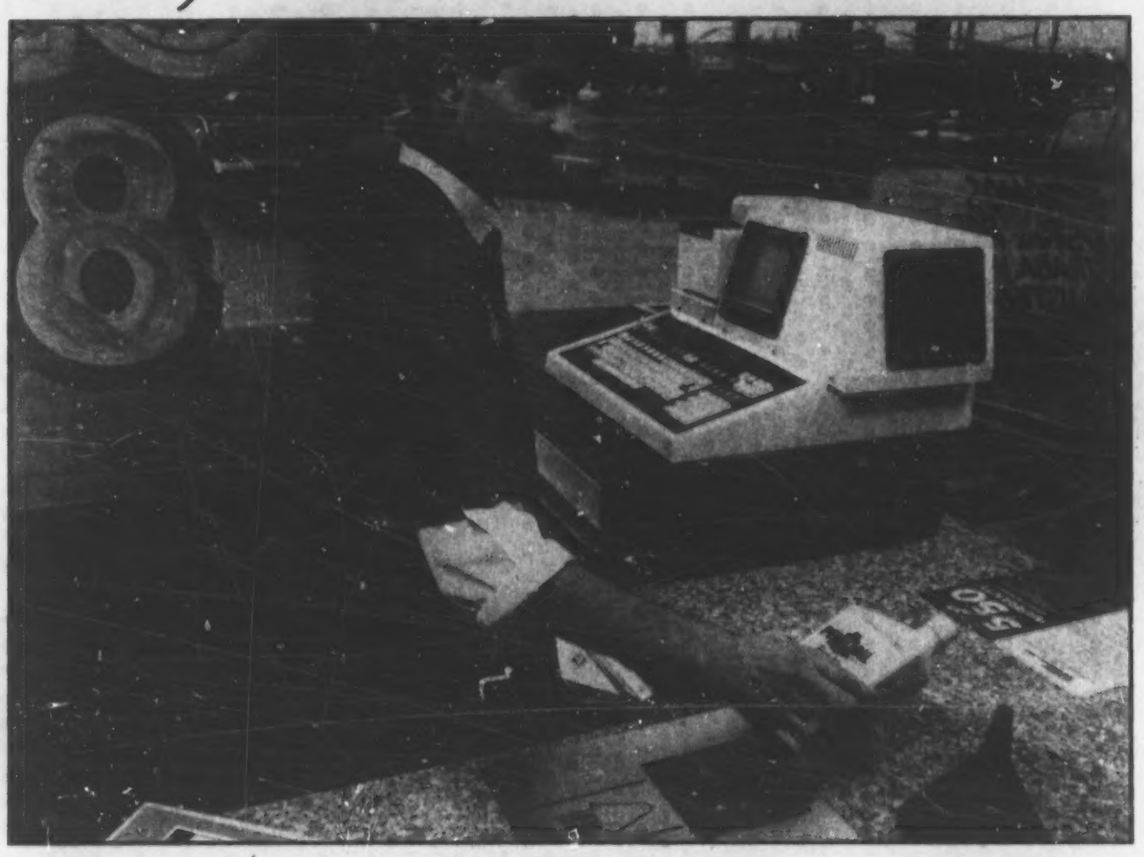
Slot scanning, using Metrologic's MS260 system, was "the way to go because it was faster and easier for cashiers to use," said Tom Metcalf, systems manager. Slot scanners left cashiers' hands free to bag and to work the Stores Automated Systems Inc. electronic registers that were phased into the stores as part of Chief Auto's installation of the latest retailing technology.

"Our testing also showed that the slot scanners are highly reliable and less expensive than other scanners," he added.

Nationwise Auto, meanwhile, installed SASI electronic registers because this system "was designed specifically for the automotive aftermarket and serves our particular needs," said Hal Ferrell, vice president of store operations. "Our POS systems offer us greatly increased flexibility to go to scanning and other types of in-store automation in the future."

Chief Auto, which is a division of The Southland Corp. conglomerate, had as its goal this year the chainwide installation of the POS terminal/slot scanner combination "so that we could get the key benefit of capturing the right price at the checkout," Met-

(Continued on page 24)



Chief Auto Parts, East Los Angeles, was among the chain's first group of stores to install electronic registers and slot scanners. (Photo by Kevin Reimers)

Accessories, Parts and Chemicals Drive Automotive Profits

By Herb Rechter
President,
Allied Accessories and
Auto Parts

Without any dramatic new products coming on stream, automotive retailers will have to depend on the seasonal shift from spring waxes and polishes to fall commodities such as oil and filters to keep sales up.

And with margins on oils as dismal as ever, discounters will have to look to accessories, parts and chemicals to keep their automotive departments profitable. Even though they seldom make the top 25 in terms of unit and dollar volume, products in these three categories lumped together account for a good portion of the department dollar volume—and more important—profit.

The first quarter product movement audit reflects the expected spring buildup. Of the top 25, 10 are exterior finish products. Of the top 10, five are waxes or washes.

Turtle Superhard Shell Paste wax, 14-ounce size, moved to the head of the class for the quarter ended April 1987, compared to its No. 4 position for the year ended January 1987.

FLIA Motorcraft Oil Filter held onto a strong second place in the quarterly audit, in dollar volume terms, down from first place in the annual PMA.

Armor All Protector, 16-ounce, slipped to fourth place on the quarter from third place annually. The 8-ounce size also slipped a notch, to sixth from fifth.

Yet, as one of the most promoted automotive products, Armor All always sells well year round. Consumer surveys show that Armor All enjoys the best name recognition of any automotive product.

It gets people into the store. You can be sure that none of the Armor All co-op ad dollars go begging.

But because it is so heavily promot-

(Continued on page 24)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	AUTOMOTIVES			
1	Turtle Super Hrd Shell Paste 14-oz.	31,311	4.69	146,849
2	FLIA Motorcraft Oil Filter	44,674	2.99	133,575
3	Raindance Paste (Appl Pk) 14-oz.	18,768	6.99	131,188
4	Armor All Protector 16-oz.	17,900	6.99	125,121
5	Sealed Beam 6052, Large Square	15,381	7.99	122,894
6	Armor All Protector 8-oz.	34,906	3.29	111,841
7	Halogen Seal Beam, H6054, Large Square	6,941	15.99	110,987
8	Sealed Beam 4652, Low Square	19,597	4.99	98,288
9	Castrol GTX 20W50 Motor Oil Qt.	73,216	1.30	94,961
10	Raindance Liquid (Appl Pk) 16-oz.	13,549	6.99	94,708
11	Quaker State Deluxe 10W40	71,231	1.24	88,469
12	Quaker State Sup Blnd 10W30	71,388	1.15	82,239
13	AC Spark Plugs R45TS-8B	7,784	9.69	75,427
14	Castrol GTX 10W40 Motor Oil Qt.	56,340	1.29	72,679
15	Westl Bleche Wite Liquid 20-oz.	35,395	1.99	70,436
16	Gumout Jet Spray 7450 13-oz.	35,250	1.99	70,148
17	Auto Bulbs 1157, 2 on a card	75,186	0.89	66,916
18	Turt Zip Wax Liq Car Wash 18-oz.	24,016	2.69	64,603
19	Armor All Protector 4-oz.	38,160	1.69	64,490
20	AC Oil Filters PF-47	18,180	3.49	63,448
21	Holland Chamois 4½-sq.-ft.	5,993	9.99	59,870
22	Kit Paste Car Wax 12-oz.	14,406	3.99	57,480
23	Halogen Seal Beam H4656 Lo Square	6,358	8.99	57,158
24	Sealed Beam 6014 Large Round	18,872	2.99	56,427
25	Turtle Super Hard Shell Liquid 10.75-oz.	17,081	3.29	56,196

Source: Allied Accessories and Auto Parts, distributor, Madison Heights, Mich., for the quarter ended April, 1987. The company services more than 2,500 retailers, primarily discounters.

MARKETWATCH

REXDALE, Ontario — Cataloger **Consumers Distributing (Canada)** will add leased children's apparel sections in its 23 Toy City specialty stores. The clothing area will be run by Just Kids, the children's wear specialty store subsidiary of Montreal-based Zellers department stores.

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CHICAGO — The **Automotive Parts & Accessories Association** will open its 1987 show here with a breakfast meeting featuring an analysis of consumer attitudes and their impact on the automotives aftermarket. Set for 8 a.m. to 10 a.m., Aug. 24, at McCormick Place, the kickoff meeting will present the consumer findings of Sender Hoffman of Yankelovich, Skelly and White/Clancy, Shulman, a consumer marketing group. Also scheduled is a brief annual meeting of APAA and an audio-visual presentation on how to work the show. To order breakfast tickets, at $7.50 each, write: APAA, 5100 Forbes Blvd., Lanham, Md. 20706, or call (301) 459-9110.

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MILWAUKEE — **Wisconsin Toy Company** selected Richard M. "Dick" Wilson, founder and former president of Playland Toy Stores, as president of its retail division. Wilson will be responsible for the firm's six Toy Liquidator stores. The company plans to open up to 18 more retail units this year.

* * *

WASHINGTON — Increasingly stiff import competition impacted U.S. bicycle manufacturers last year, as domestic shipments of bikes dropped 2.5 percent in 1986, according to estimates by **U.S. Commerce Department** economists. Imports of bicycles and parts were valued at almost $658 million last year, representing a estimated 54.4 percent of U.S. consumption. The 2.5 percent drop in domestic shipments reduced the value of U.S. shipments to $566 million (from $578 million in 1985). Bicycle unit imports went up an estimated 35 percent last year, with shipments of foreign bike parts increasing 29 percent. Economists warned that import prices of bicycles are expected to increase in 1987, "with these price increases ultimately passed on to the consumer." Even so, U.S. shipments will "remain flat or decline slightly" in this year, they predicted. "Improved automation, innovation and a continued decline in the dollar should help U.S. bicycle producers compete with overseas sources and perhaps give the bicycle industry a better outlook over the next few years," economists said, noting that domestic manufacturers are already upgrading their technology (e.g., using robotics in the welding and wheel production).

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TROY, Mich. — **K mart Corp.** named six American suppliers for outstanding service with the 25-year-old retailer. The honored companies were 3M, Duraco Products, Hygiene Industries, Magee Frame Company, Robinson Manufacturing and Vermont American Corporation/Atkinson Manufacturing Division.

AUTOMOTIVES | HARD LINES

Auto Chains Upgrade POS, Choose Slot Scanners over Wands

(Continued from page 23)
calf said. Scanning the UPC code provides the information that enables the POS terminal to override incorrectly marked prices or capture a price on unmarked goods.

A growing number of auto specialty chains are relying on UPC-marked goods for sales information, including an item's price. Whereas three years ago only about 20 percent of merchandise in auto specialty stores was UPC coded, now 75 percent to 80 percent carry the bar codes and the figures should be close to 100 percent in a few years.

The main exceptions are likely to be bulky goods like car batteries and car ramps—items that can leak dangerous chemicals or are too large to put on a checkout stand.

"We don't have many large items, and those products that are too big to put on the checkout counter we key in the sku numbers, even if they come with a manufacturer's UPC code." It's easier to handle bulky goods this year, Metcalf said, and the SASI terminals and backroom controller treat the information the same as UPC imput.

The chain's time and motion tests, along with other studies, included determining the best location within the checkout counter for the slot scanner. Other moves included connecting the POS terminal/scanners combination on a electric circuit separate from that used for the key cutting machine so that a blowout by the latter wouldn't bring down the checkout system.

Installing the slot scanners only required cutting a hole in Chief Auto's checkout counter as the device was small enough for a custom fit into the chain's current front end equipment.

Metcalf said that once all the Chief Auto stores have slot scanners, the chain will phase out pricing tickets for individual items, "the same as supermarkets have been able to do." The chain will then use shelf tags to list an item's price.

Chief Auto has found that slot scanning has provided more accurate capture of sales information and faster checkout service, he said, adding, however, that the results were based on only the start-up installation of units.

The chain's goal next year, he added, was to "put it all together—fine tune the inventory in each store to its market beyond the assortment tailoring that is already common in the industry."

Accessories, Parts, Chemicals Drive Automotive Sales

(Continued from page 23)
ed, margins on Armor All fall in the 10 percent to 20 percent range, compared to 30 percent to 40 percent on chemicals such as Gumout.

Gumout 7450 Jet Spray, 13-ounce, fell to No. 16 on the quarterly survey from No. 10 annually.

Overall margins are running about the same as last year. Margins on loss leader oils range from cost to 10 percent, while oil filter margins run from 10 percent to 30 percent. Accessories carry higher margins, ranging in the 40 percent plus range.

Don't expect an awful lot new in the coming months, except perhaps for promotions on such items as floor jacks.

Discounters already are maximizing coupons and tie-ins, so the best they can hope for to hold up overall department margins is to concentrate on accessories, parts and chemicals to balance the commodity items.

Pickup Accessories Market

One new trend is that a huge market is developing for pick-up truck accessories and, to a limited extent, performance market accessories.

Some of the more popular truck accessories include: running boards, sliding rear windows, lighting accessories, truck bed liners and truck bed tool boxes.

Limited Speed Accessories

In a limited way, discounters can handle speed performance accessories, even though they may lack salespeople who are experienced in the field.

Discounters can successfully sell the lighter stuff, such as under-the-hood dress-up kits, even if they can't handle the heavier speed performance products.

An under-the-hood dress-up kit typically would sell at discount for $39.99 and consist of such chromium items as a valve cover, air cleaner cover, oil cap and dip stick.

Although the dyed-in-the-wool performance speed freak leans toward brand names, brand names for the lighter equipment appear to make no difference to the consumer.

Answers:
1. a, 2. c, 3. b, 4. c, 5. a